

## Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 ISO-00 CU-02 ERDA-05 NASA-01 NSF-01

SMI-01 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 HEW-04 OMB-01 TRSE-00 AID-05

AGRE-00 L-03 COME-00 EB-07 DOTE-00 IO-13 /080 W

-----021628Z 037680 /44

P 021400Z JUN 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC PRIORITY 5032

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION NATO BRUSSELS

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E.O. 11652: N/A

TAGS: TGEN, IT

SUBJECT: US-ITALY SCIENTIFIC AND TECHNICAL EXCHANGES: HAVE  
THEY SERIOUSLY DECLINED?

REF: STATE 67701

SUMMARY: WHILE A DEFINITIVE ANSWER SHOULD AWAIT ARRIVAL OF  
NEW SCIENCE COUNSELOR, EMBASSY'S INITIAL IMPRESSION IS THAT  
SCIENTIFIC EXCHANGES HAVE NOT DECLINED TO LEVELS JEOPARDIZING  
US-ITALIAN RELATIONSHIPS. TECHNOLOGICAL EXCHANGES, HOWEVER,  
HAVE BEEN MUCH LESS SATISFACTORY, PARTICULARLY IN AREAS  
ITALY SEES AS VITAL TO ITS NATIONAL DEVELOPMENT (E.G.  
ENERGY). END SUMMARY

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1. BECAUSE EMBASSY ROME IS CURRENTLY "BETWEEN" SCIENCE  
COUNSELORS, WE FEEL SOMEWHAT HESITANT IN REPLYING TO THE  
SERIOUS QUESTIONS POSED IN REFTEL. NEVERTHELESS, THE  
AVAILABLE DATA PERMIT US TO OFFER AT LEAST INITIAL  
ANSWERS TO THE QUESTIONS RAISED.

2. BACKGROUND: IN THE EARLY SIXTIES, U.S. NON-MILITARY

FUNDED RESEARCH GRANTS (ATOMIC ENERGY COMMISSION, AGRICULTURAL RESEARCH SERVICE, EISENHOWER EXCHANGE FELLOWSHIPS, NASA GRANTS, NATIONAL SCIENCE FOUNDATION (NSF), NATO, SMITHSONIAN AND ROCKEFELLER FOUNDATION) VIRTUALLY DRIED UP. THE BULK OF THE REMAINING RESEARCH WAS SPONSORED BY THE U.S. MILITARY, SUCH AS THE OFFICE OF NAVAL RESEARCH, THE U.S. ARMY EUROPEAN RESEARCH OFFICE, THE AIR FORCE'S EUROPEAN OFFICE FOR AEROSPACE RESEARCH, AND THE U.S. PUBLIC HEALTH SERVICE (PHS). WITH THE GENERAL DECREASE IN U.S. FUNDED RESEARCH IN THE LATE SIXTIES, MOST OF THIS ALSO DISAPPEARED WITH THE EXCEPTION OF A FEW MILITARY AND PHS PROJECTS. THIS TREND, APPARENT EVEN IN THE MID-SIXTIES, CAUSED CONSIDERABLE CONCERN IN THE ITALIAN SCIENTIFIC COMMUNITY. AS A RESULT, A BILATERAL COOPERATIVE SCIENCE PROGRAM WAS NEGOTIATED BETWEEN THE ITALIAN NATIONAL RESEARCH COMMITTEE (CNR) AND THE NSF AND SIGNED IN WASHINGTON IN 1967. THE PROGRAM CALLED FOR COOPERATIVE RESEARCH, BILATERAL SEMINARS AND THE EXCHANGE OF VISITING SCIENTISTS, WITH COSTS SPLIT EQUALLY BETWEEN THE TWO GOVERNMENTS. A THREE-YEAR EXTENSION WAS SIGNED IN 1972 AND A FIVE-YEAR EXTENSION THROUGH 1980 IN 1976. A REVIEW OF GOI EXPENDITURES (MATCHED BY A MORE-OR-LESS EQUAL QUANTITY OF USG FUNDING) FROM 1967 TO 1975 IS USEFUL IN TRACING THE PROGRAM'S PROGRESS:

YEAR	NO.	GOI FUNDING	US DOL-LIRE	GOI FUNDING
		PROJECTS (MILLION LIRE)	EXCHANGE RATE (THOU.US DOLLARS)	

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1967	6	179.0	625	286.3
1968	25	638.9	627	1017.5
1969	20	428.0	627	682.6
1970	24	364.2	628	580.0
1971	22	378.4	628	602.5
1972	48	605.2	582	1039.8
1973	60	841.9	585	1439.2
1974	62	586.1	650	901.7
1975	74	734.7	652	1126.8

PHS GRANTS, OUTSIDE THE FRAMEWORK OF THE COOPERATIVE SCIENTIFIC PROGRAM, HAD DECLINED IN THE LATE SIXTIES AND EARLY SEVENTIES BUT HAVE SINCE RECOVERED SUBSTANTIALLY. ACTIVE GRANTS TOTALED 1.7 MILLION DLRS IN JULY 1974: 3.5 MILLION DLRS. IN DEC. 1975, AND 4.0 MILLION DLRS. IN NOV. 1976.

3. BEFORE TALKING UP THE QUESTIONS RAISED REFTEL, SOME FURTHER GENERAL OBSERVATIONS MAY BE USEFUL IN UNDERSTANDING THE NATURE AND

PROBLEMS OF U.S. ITALIAN BILATERAL SCIENTIFIC RELATIONSHIPS:

(A) EVEN WITH REMEDIAL PROGRAMS, THE U.S. IS NOT LIKELY TO OCCUPY THE SAME RELATIVE POSITION IT HAD IN THE FIFTIES AND SIXTIES. WITH THE GROWTH OF THE EC, INTRA-EUROPEAN CONTACTS AND THE GENERAL RISE IN THE LEVEL OF EUROPEAN SCIENCE, ITALIAN RELIANCE ON U.S. SCIENCE HAS DIMINISHED RELATIVELY. IN SOME AREAS, U.S. INFLUENCE HAS FALLEN TO VERY LOW LEVELS; E.G., IN THE FIELD OF ADVANCED NUCLEAR POWER TECHNOLOGY (BREEDER REACTOR AND URANIUM ENRICHMENT) WHERE ITALIAN-FRENCH COOPERATION IS HIGHLY DEVELOPED.

(B) THE DISARRAY OF ITALIAN RESEARCH EFFORTS IMPEDES MORE EXTENSIVE CONTACTS. MUCH ITALIAN RESEARCH IS FRAGMENTED BETWEEN CHARACTERISTICALLY SMALL-SCALE AND UNDERFUNDED INSTITUTES, AGENCIES, MINISTRIES, LABORATORIES, ETC. RESOURCES TO UNDERTAKE SUBSTANTIAL PROJECTS ARE LIMITED OFFICIAL USE

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OFTEN LACKING WHILE COMPETITION FOR AVAILABLE FUNDING (WHICH IS TOO OFTEN SETTLED MORE ACCORDING TO THE POLITICAL IMPORTANCE OF THE RESEARCHER THAN THE MERIT OF HIS PROJECT) CREATES CUT-THROAT COMPETITION AND DISCOURAGES COOPERATION AMONG RESEARCHERS. RESEARCH WORK IN THE UNIVERSITIES PARTICULARLY SUFFERS FROM STUDENT UNREST, RIGID DEPARTMENTAL SENIORITY AND LACK OF MODERN FACILITIES. PRIVATELY-FUNDED RESEARCH IS INSUFFICIENT TO TAKE UP THE SLACK IN GOI FUNDING, AND INDUSTRIAL RESEARCH (AND TECHNOLOGICAL RESEARCH GENERALLY) IS LIMITED COMMERCIAL APPLICATION IN ALL BUT A FEW AREAS. IN SOME CASES, LEGAL STRUCTURES HAMPER RESEARCH: FOR INSTANCE, LACK OF PATENT PROTECTION HAS DISCOURAGED BASIC RESEARCH IN THE PHARMACEUTICAL AREA.

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(C) MANY BILATERAL SCIENTIFIC CONTACTS TAKE PLACE INDEPENDENTLY OF THE LEVEL OF OFFICIAL FUNDING OR ENCOURAGEMENT. WE ARE NOT IN A POSITION TO EVALUATE EITHER THE TENOR OR THE NUMBER OF THESE CONTACTS.

4. AGAINST THE ABOVE, OUR ANSWERS TO THE SPECIFIC QUESTIONS POSED ARE AS FOLLOWS:

(A) THE BILATERAL CNR-NSF AGREEMENT APPEARS TO HAVE COMPENSATED FOR MUCH OF THE EFFECT CAUSED BY THE WITHDRAWAL OF DIRECT U.S. GRANTS FOR SCIENTIFIC RESEARCH IN ITALY.

(B) IF WE HAVE FOREGONE BENEFITS, THEY WOULD BE RELATED TO LACK OF CONTACT WITH ITALIAN RESEARCHERS IN MEDICINE AND BIOLOGY, MATHEMATICS, PHYSICS AND CHEMISTRY, SECTORS LIMITED OFFICIAL USE

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TRADITIONALLY MORE ADVANCED IN ITALY RELATIVE TO OTHER DISCIPLINES. GIVEN THE NET DIFFERENCE IN SCIENTIFIC LEVELS, HOWEVER, WE WOULD EXPECT THAT ITALY HAS SUFFERED MORE THAN WE FROM ANY REDUCED LEVEL OF BILATERAL SCIENTIFIC COOPERATION. WE DO BELIEVE THAT LACK OF RESOURCES MAY PREVENT US FROM TAKING ADVANTAGE OF OPPORTUNITIES TO STUDY PARTICULAR PROBLEMS: FOR INSTANCE, THERE SEEMS TO BE LITTLE DIRECT U.S. PARTICIPATION IN STUDYING THE RESULTS OF THE DIOXIN CONTAMINATION AT SEVESO IN NORTHERN ITALY.

(C) PURELY SCIENTIFIC EXCHANGE APPEARS TO BE AT REASONABLY SATISFACTORY LEVELS. MAJOR ITALIAN COMPLAINTS, HOWEVER, HAVE BEEN VOICED RE U.S. UNWILLINGNESS TO SHARE TECHNOLOGY, PARTICULARLY INDUSTRIALLY-ORIENTED TECHNOLOGY. COST OF LICENSING ARRANGEMENTS, PRODUCTION RESTRICTIONS, LIMITATIONS ON EXPORTS, DISINCLINATION TO ESTABLISH

RESEARCH FACILITIES ALONG WITH U.S.-OWNED MANUFACTURING FACILITIES AND BILATERAL IMBALANCE (E.E., ITALIAN TECHNOLOGY IS SELDOM SOUGHT) ARE ALL CITED AS MAJOR PROBLEMS BY ITALIAN OBSERVERS.

(D) DESPITE OUR TENTATIVE CONSLUSION THAT MAJOR REMEDIAL PROGRAMS ARE UNNECESSARY, WE BELIVE THAT INCREASED EXCHANGES COULD SIGNIFICANTLY IMPORVE U.S.-ITALIAN RELATIONS IN THE SCIENTIFIC AND TECHNOLIGICAL AREA AND OVERALL BILATERAL RELATIONS AS WELL. WE WOULD SUGGEST, FOR INSTANCE, THAT U.S. PRIVATE FOUNDATIONS BE ENCOURAGED TO INVEST IN OFFSHORE RESEARCH AND TO INCLUDE FOREIGN INSTITUTIONS IN THEIR PORGRAMS. ON A GOVERNMENT-TO-GOVERNMENT BASIS, MORE EMPHASIS SHOULD BE PLACED ON CONCLUDING AND IMPLEMENTTING AGREEMENTS ABETWEEN U.S. GOVERNMENT AGENCIES WITH A SCIENTIFIC OR TECHNOLIGICAL CONTENT (ERDA, DOT, BUREAU OF STANDARDS, ETC) WITH THEIR ITALIAN COUNTERPARTS. THIS COULD PLAY A PARTICULARLY IMPORTANT ROLE IN THE ENERGY AREA. EMBASSY EFFORTS TO ENCOURAGE COMMERCIALY-ORIENTED TECHNOLOGICAL EXCHANGES BETWEEN U.S. AND ITALIAN LIMITED OFFICIAL USE

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COMPANIES HAVE MET THUS FAR WITH LITTLE WASHINGTON FOLLOW-THROUGH: NEVERTHELESS, ITALIAN INTEREST REMAINS HIGH. GARDNER

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## Message Attributes

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